



May 29, 2015

To: Executive Board

Subject: **May 2015 Legislative Summary**

Recommendation

Receive and file the May 2015 Legislative Summary. Adopt support positions on SB 16 and SB 767.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends support positions on SB 16 (Beall) and SB 767 (DeLeon).

State Legislative Issues:

SB 16 is a comprehensive funding package that would dedicate \$3 billion-\$3.5 billion to transportation annually for the next five years and generate this new revenue by increasing several taxes and fees including the excise tax on gasoline and on diesel fuel by 10 cents and 12 cents, respectively, in year one; the vehicle license fee by 35 percent over five years; the vehicle registration fee by \$35; create a new vehicle registration fee of \$100 for zero-emission vehicles; and repay transportation loans. SB 16 is the first of what is likely to be multiple transportation funding proposals put forward by the Legislature, designed to address California's projected \$59 billion backlog of deferred maintenance on the state highway system, and roughly \$78 billion funding shortfall for maintenance of local streets & roads. This bill will assist Foothill Transit's commitment to safety by repairing long overdue maintenance needs of our local streets and roads and state highway system. **We urge Senator Beall to include dedicated transit funding in this important bill.**

SB 767 allows the Los Angeles County Metropolitan Transportation Authority (Metro) to exceed the two percent statutory limitation on local transactions and use taxes by one percent; authorizes Metro to impose, by ordinance, an additional local, countywide, one-half-cent sales tax for a period to be determined by Metro; requires Metro to adopt the ordinance and submit the proposal to the voters; and specifies that the ordinance only becomes operative if approved by two-thirds of the voters voting on the measure. SB 767 will attempt to address the funding shortfall of Measure R. Instead of seeking to extend Measure R, the author of this bill is authorizing Metro to



propose to voters another half-cent sales tax. This new authorization would not contain the required projects of past measures, or the restrictions of past legislation, but is somewhat a "clean slate" from which Metro can build a new expenditure plan and funding prioritization. This bill would provide a new operating funding source for Foothill Transit.

On May 14, Governor Brown released the "May Revise," the Administration's update to the Governor's January Proposed Budget for FY 2015-16. Like the January Budget, the update contains minimal changes to the state's traditional transportation funding sources. The State Transit Assistance (STA) program, projected in January to accumulate \$387.8 million in revenues, is now expected to produce \$351.5, a decrease of \$36.3 million.

In the May Revise, the Governor doubled-down on his commitment to find additional funding for state highways, stating that, "In considering new funding sources, the state must focus on the priorities that are the state's core responsibility, maintaining and operating the state's network of highways and interstates, and improving the highest priority freight corridors. Funding should come from pay-as-you-go transportation user fees, and be sustainable as gasoline consumption falls."

Arguably, the most significant transportation-related update in the May Revision is the Administration's plan for spending additional Cap and Trade revenues. The May Revise states that, "Cap and Trade proceeds provided for a significant investment in clean transportation and mass transit beginning in 2014-15. The Cap and Trade funding plan also provides an ongoing share of annual revenues, setting aside a total of 60 percent for public transportation, active transportation, and housing."

The Administration proposes directing a significant amount of the additional revenue to mass transportation-eligible programs, totaling \$1.6 billion in FY 2015-16, including the Low-Carbon Transit Operations Program (LCTOP), the Transit and Intercity Rail Capital Program (TIRCP), and the Affordable Housing and Sustainable Communities Program (AHSCP).

Federal Legislative Issues:

Senate Majority Leader Mitch McConnell (R-KY) began a procedural motion to make it easier for the Senate to consider a clean two-month transportation policy extension. Republican leadership in both the Senate and House maintain that an extension to the end of the year is their preference. That end-of-year extension is estimated to cost between \$10 and \$11 billion.



McConnell's motion signals that an agreement on a year-end patch may not be achieved by the May 31 deadline, and that he is preserving the option of a clean policy extension to July 31 to prevent expiration of Highway Trust Fund (HTF) authority. Both the Senate and the House are scheduled to be in recess the final week of May, increasing the urgency of this issue. Senators Jim Inhofe (R-OK) and Barbara Boxer (D-CA) have said they are planning to mark up a long-term authorization bill in June.

House leaders also indicated that they will move a two-month extension of Transit and Highway spending authority through the House, as efforts to negotiate a package of offsets for an end-of-year extension are expected to continue, but did not appear close to resolution.

Language posted on the House Rules Committee website is similar to legislation introduced in the Senate by Senators Tom Carper (D-DE) and Barbara Boxer (D-CA). Legislation introduced by House Transportation and Infrastructure (T & I) Chairman Bill Shuster (R-PA) and House Ways and Means Committee Chairman Paul Ryan (R-WI) would extend transit and highway spending authority through the end of July.

According to the most recent estimates from the Department of Transportation (DOT), the Mass Transit Account of the Highway Trust Fund will still have \$1.6 billion and the Highway Account will still have about \$3.6 billion in cash on hand as of July 31. Absent additional action by Congress to address the Trust Fund balance (through transfers or additional revenues), the Mass Transit Account is projected to hit a zero balance sometime in late September or early October and the Highway Account reaching a zero balance sometime in late August.

Budget Impact

SB 767 would provide a new operating funding source for Foothill Transit.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Reyno".

David Reyno
Director of Government Relations

A handwritten signature in blue ink, appearing to read "D. Barnes".

Doran J. Barnes
Executive Director

2015 Legislation Summary

Current as of 5/18/2015

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 857	Perea	Creates the Technology Program pursuant to SB 1204 (Lara), Chapter 524, Statutes of 2013, supported by Foothill Transit to fund the development of zero and near zero emission truck, bus, and off-road vehicle and equipment technologies to be administered by the Air Resources Board in conjunction with the California Energy Commission. The bill would provide that the funding for the program would come out of the Greenhouse Gas Reduction Fund (Cap & Trade Auction Funds), and would prioritize projects located in disadvantaged communities.	This bill may provide a new funding source for Foothill Transit electric and CNG buses.	Assembly Committee on Transportation		Support Position Adopted 4/24/2015
AB 1205	Bloom	In 2012 and 2014, the California Transit Association (CTA) sponsored legislation which provided transit agencies with temporary relief from California's decades-old bus axle weight limits. The temporary provisions of the most recent measure, AB 1720 (Bloom, Chapter 263, Statutes of 2014), are now set to expire at the end of 2015, reinstating an unworkable 20,500 lb./axle limit and impacting various stakeholders, including cities, counties, public transit agencies, and private sector bus suppliers. The CTA continues to work with impacted stakeholders to craft a long-term solution, acceptable to all parties, that recognizes the challenges of the current axle weight limit. AB 1205 will serve as the vehicle for such a solution, if and when one emerges. The majority of Foothill Transit's fleet, along with those of most, if not all, transit agencies throughout the state exceeds this over quarter century old statute due to mandated clean air, safety, disability laws and advances in bus technology.	This bill will continue to protect Foothill Transit from being subject to citations and costly permits until a reasonable solution can be determined.	Assembly Committee on Rules	CTA - Support	Support Position Adopted 4/24/2015

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
SB 16	Beall	This bill is a comprehensive funding package that would dedicate \$3 billion-\$3.5 billion to transportation annually for the next five years and generate this new revenue by increasing several taxes and fees including the excise tax on gasoline by 10 cents in year one; the excise tax on diesel fuel by 12 cents in year one; the vehicle license fee by 35 percent over five years; the vehicle registration fee by \$35; create a new vehicle registration fee of \$100 for zero-emission vehicles; and repay transportation loans. SB 16 is the first of what is likely to be multiple transportation funding proposals put forward by the Legislature, designed to address California's projected \$59 billion backlog of deferred maintenance on the state highway system, and roughly \$78 billion funding shortfall for maintenance of local streets & roads.	This bill will assist Foothill Transit's commitment to safety by repairing long overdue maintenance needs of our local streets and roads and state highway system. We urge Senator Beall to include dedicated transit funding in this important bill.	Senate Appropriations	CTA - Support	Support
SB 391	Huff	Specific sections of the penal code have long provided for the criminal prosecution of individuals who commit assault or battery against transit employees. Due to flexibility in current law, which provides for probation in place of jail time, most assailants avoid serious consequences. SB 391 would increase penalties for assaults committed against transit employees and to remove a provision in state law that allows assailants to escape jail time.	This bill will assist Foothill Transit in keeping our employees safe and require harsh penalties for those who may cause them harm.	Senate Committee on Public Safety	CTA, Metro - Support	Support Position Adopted 4/24/2015
SB 413	Wiechowski	Would amend the Public Utilities Code and the Penal Code to allow transit agencies to use an administrative process to cite and process minors in violation of specified prohibited acts (e.g. fare evasion, smoking where prohibited, unauthorized sale of goods) occurring on transit properties. Additionally, this proposal would make it a violation for failing to yield seating reserved	This bill would allow Foothill Transit to impose and enforce certain administrative penalties for passenger misconduct on or in a Foothill Transit facility or vehicle.	Senate Committee on Transportation & Housing	CTA - Support	Support Position Adopted 4/24/2015

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
		for elderly and disabled individuals, and clarify what constitutes a noise violation on a transit property.				
SB 508	Beall	Transit operators across the state are required to meet specified farebox recovery and operating cost criteria in order to be eligible to receive funds from the Transportation Development Act (called Local Transportation Fund dollars) and/or the State Transit Assistance (STA) program, if those funds are to be used for operating purposes. SB 508 would address the challenges posed by this rigid funding mechanism by creating more flexible farebox recovery and operating cost criteria, and by rationalizing the penalties for non-compliance.	This bill would allow Foothill Transit to continue to receive a certain amount of state transit funding in case of an agency economic or low ridership challenge.	Senate Committee on Transportation & Housing	CTA - Support	Support Position Adopted 4/24/2015
SB 767	DeLeon	Allows the Los Angeles County Metropolitan Transportation Authority (Metro) to exceed the 2% statutory limitation on local transactions and use taxes by 1%. Authorizes Metro to impose, by ordinance, an additional local, countywide, one-half-cent sales tax for a period to be determined by Metro. Requires Metro to adopt the ordinance and submit the proposal to the voters. Specifies that the ordinance only becomes operative if approved by two-thirds of the voters voting on the measure. SB 767 will attempt to address the funding shortfall of Measure R. Instead of seeking to extend Measure R, the author of this bill is authorizing Metro to propose to voters another half-cent sales tax. This new authorization would not contain the required projects of past measures, or the restrictions of past legislation, but is somewhat a "clean slate" from which Metro can build a new expenditure plan	This bill would provide a new operating funding source for Foothill Transit.	Senate Floor	Metro - Support	Support

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		and funding prioritization.				
H.R. 680	Blumenauer	Our transportation infrastructure is increasingly outdated and inadequate. In 2011, the Federal Highway Administration (FHA) estimated that over \$70.9 billion worth of repairs are needed merely to maintain safe bridges. Inflation and increased fuel efficiency has led to declining gas tax receipts and the gas tax has lost nearly 40% of its purchasing power since it was last raised in 1993. The decline will continue as cars become more efficient and people drive less. Vehicle miles traveled per capita declined last year for the ninth year in a row. Because Congress has not addressed the Highway Trust Fund's (HTF) insolvency, the fund will be exhausted this summer and states will begin cutting back on projects. To maintain current funding levels, the HTF will need \$100 billion in addition to current tax receipts in the next five years. Failure to act will result in a 30% reduction in federal transportation spending over the next decade. The Update, Promote, and Develop America's Transportation Essentials (UPDATE) Act (Blumenauer (D-OR), would phase in a nickel a gallon tax increase over each of the next three years on gasoline and diesel that would be dedicated to public transportation and highway programs, index those taxes to inflation and examine ways to replace the taxes with a longer-term stable source of funding.	A consistent, reliable and stable federal funding program would allow Foothill Transit and all U.S. transportation agencies and companies to budget for the long term.	House Committee on Ways and Means	APTA - Supports	Support Position Adopted 2/27/2015